

Summary of 2008 Annual Report for Architectural Coatings

Many local air pollution control districts in California have amended their existing architectural coatings rules or have adopted new rules based on ARB's 2000 Suggested Control Measure. These rules require an annual report from manufacturers of certain categories of coatings, and an annual report of coatings that include perchloroethylene or methylene chloride. Below are summaries of the results from the 2000 ARB survey, the 2003 annual report, the 2004 ARB survey, and the 2005, 2006, 2007, and 2008 annual reports.

Reporting Requirement Categories

Bituminous Roof Coatings

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|--|
| 2000 | 3,245,397 | | |
| 2003 | 1,224,001 | Down 62% | <ul style="list-style-type: none">• Adhesives correctly reclassified as not architectural coatings• Reduced CA sales in 2003 |
| 2004 | 1,464,326 | Up 20% | |
| 2005 | 1,756,861 | Up 20% | |
| 2006 | 4,043,234 | Up 130% | <ul style="list-style-type: none">• Increased sales due to increased rainfall in 2005 |
| 2007 | 3,387,618 | Down 16% | |
| 2008 | 1,136,219 | Down 66% | <ul style="list-style-type: none">• Demand down due to dry year• Decrease in demand from local and state government as well as consumers due to economy |

Bituminous Roof Primer

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|---|
| 2000 | 170,520 | | |
| 2003 | 84,160 | Down 51% | <ul style="list-style-type: none"> Adhesives correctly reclassified as not architectural coatings Reduced CA sales in 2003 |
| 2004 | 68,092 | Down 19% | |
| 2005 | 100,011 | Up 47% | |
| 2006 | 128,649 | Up 29% | |
| 2007 | 101,159 | Down 21% | |
| 2008 | 74,073 | Down 27% | <ul style="list-style-type: none"> Demand down due to dry year Decrease in demand from local and state government as well as consumers due to economy |

Clear Brushing Lacquer

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|--|
| 2000 | PD* | | |
| 2003 | PD* | Up 21% | |
| 2004 | PD* | Down 1% | |
| 2005 | PD* | Down 15% | <ul style="list-style-type: none"> Implementation of SCAQMD VOC limit of 275 g/l in January 2005 Removal by SCAQMD of the quart exemption for clear wood finishes in July 2006 |
| 2006 | PD* | Down 15% | |
| 2007 | PD* | Down 29% | |
| 2008 | PD* | Down 48% | <ul style="list-style-type: none"> Removal by SCAQMD of the quart exemption for clear wood finishes in July 2006 |

* Protected Data, less than 3 manufacturers provided sales

Recycled Coatings

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|---|
| 2000 | 323,216 | | |
| 2003 | 87,939 | Down 73% | <ul style="list-style-type: none"> Decrease in demand |
| 2004 | 223,381 | Up 154% | <ul style="list-style-type: none"> Better response rate to survey |
| 2005 | 83,759 | Down 63% | <ul style="list-style-type: none"> Major manufacturer no longer in business |
| 2006 | 159,038 | Up 90% | <ul style="list-style-type: none"> Major manufacturer began certifying products through Master Painters Institute and Green Seal Major manufacturer received state contract with Caltrans |
| 2007 | 160,137 | Up 1% | |
| 2008 | 107,275 | Down 33% | <ul style="list-style-type: none"> Decrease in state and local government contracts Decrease in demand |

Rust Preventative

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|---|
| 2000 | 209,899 | | |
| 2003 | 1,431,413 | Up 582% | <ul style="list-style-type: none"> Expect 2000 baseline was low, since category wasn't relevant until 2003 Shift as expected from nonflat, industrial maintenance, quick dry enamel, and quick dry primer, sealer and undercoater |
| 2004 | 2,095,500 | Up 46% | <ul style="list-style-type: none"> New products introduced |
| 2005 | 2,246,560 | Up 7% | |
| 2006 | 2,047,304 | Down 9% | |
| 2007 | 1,357,917 | Down 34% | <ul style="list-style-type: none"> Implementation of SCAQMD VOC limit of 100g/l in July 2006 |
| 2008 | 1,096,413 | Down 19% | <ul style="list-style-type: none"> Implementation of SCAQMD VOC limit of 100 g/l in July 2006 Incorrectly reported sales and incorrectly classified products corrected |

Specialty Primer, Sealer and Undercoater

| Year | Sales (Gals) | Difference | Primary Reasons for Major Differences |
|------|--------------|------------|---|
| 2000 | 376,521 | | |
| 2003 | 1,918,556 | Up 510% | <ul style="list-style-type: none"> • Expect 2000 baseline was low, since category wasn't relevant until 2003 • Shift as expected from quick dry primer, sealer and undercoater, and primer, sealer and undercoater • New products introduced |
| 2004 | 2,009,464 | Up 5% | |
| 2005 | 2,286,703 | Up 14% | |
| 2006 | 1,931,440 | Down 16% | <ul style="list-style-type: none"> • Implementation of SCAQMD VOC limit of 250 g/l in July 2006 |
| 2007 | 1,602,406 | Down 17% | <ul style="list-style-type: none"> • Implementation of SCAQMD VOC limit of 100 g/l in July 2007 |
| 2008 | 1,091,053 | Down 32% | <ul style="list-style-type: none"> • Implementation of SCAQMD VOC limit of 100 g/l in July 2007 • Incorrect product classifications corrected |

Toxic Exempt Compounds

Methylene Chloride

| Year | Emissions (lbs) | Difference | Reasons |
|------|-----------------|------------|--|
| 2000 | 97,088 | | |
| 2003 | 0 | Down 100% | <ul style="list-style-type: none"> Products no longer sold in CA |
| 2004 | 183,032 | | <ul style="list-style-type: none"> Better response rate to survey |
| 2005 | 0 | Down 100% | <ul style="list-style-type: none"> Products no longer sold in CA |
| 2006 | 0 | | |
| 2007 | 0 | | |
| 2008 | 0 | | |

Perchloroethylene

| Year | Emissions (lbs) | Difference | Reasons |
|------|-----------------|------------|--|
| 2000 | 13,140 | | |
| 2003 | 4,455 | Down 66% | <ul style="list-style-type: none"> Certain products no longer sold in CA |
| 2004 | 61,809 | Up 1387% | <ul style="list-style-type: none"> Better response rate to survey |
| 2005 | 0 | Down 100% | <ul style="list-style-type: none"> Products no longer sold in CA |
| 2006 | 64,926 | | <ul style="list-style-type: none"> Better response rate to survey |
| 2007 | 76,351 | Up 18% | |
| 2008 | 37,395 | Down 51% | <ul style="list-style-type: none"> Natural sales variation due to project demand Products no longer sold in CA |